March 23, 2000

To: Members of the Little Hoover Commission
From: Steve Kayner, Member of the California State Employees Association
          (CSEA) Information Technology (IT) Committee

Dear Committee Members:

I come before you as a representative of the CSEA IT Committee and I speak for
the Committee and the Union. It's well known that the State of California has a
serious problem with the recruitment and retention of Information Technology
(IT) professionals. The Department of Information Technology
(http://www.doit.ca.gov/Reports/default.asp) and the California Research Bureau
(http://www.library.ca.gov/html/statseg2a.cfm) have published extensive reports
that cover the issues in detail.

In the face of these ongoing IT recruitment and retention problems, Governor
Davis wants a rapid transition to better customer service through eGovernance
and eCommerce. These initiatives call for sweeping new projects and involve
cutting edge technologies that will require skilled people to deliver and maintain
them.

Unfortunately, we've got this nagging shortage of IT professionals in state service.
Current pay and policies mean that few of the vacancies are filled with fresh talent
and new ideas from outside state service. More often, they're filled by existing
employees moving from one state agency to another.

The biggest long-term problem with the shortage of IT workers is the loss of
corporate knowledge. It takes time to learn the details of the technology and
business of a given state agency.

It took me almost a year and a half to get fully acquainted with my present
position. The person I'd replaced had left for another agency five months before I
arrived, and there was little information left behind for me to build on. Right from
the start, there was a lot of catching up to do, and little time for learning the
details. The very same thing happened to the person who replaced me in the
agency I'd left.

When you lose an IT worker, the bulk of that accumulated knowledge goes out
the door with them. Right now, we've got a revolving door, and it's well oiled.

The agency-to-agency revolving door is less than a zero-sum game. Every
revolution results in a net loss.

The loss of knowledge, or human capital, also occurs when consultants are used to cover the shortage of State IT workers. When the contract is over, the developers move on and large chunks of corporate knowledge walk out the door. You can often rent some it back, but it's not a cost-effective long-term solution.

This hurts all agencies, but the smallest hurt the most. A recent listing of state offices where IT professionals are employed showed that 48% of those offices had only one or two IT workers. Losing one IT worker can be a serious setback. These small shops must have the means to advance their existing IT workers in order to preserve their knowledge assets.

It's become clear that information technology can be used to improve customer service and operational efficiency. But that's largely dependent on being able to accumulate and preserve intellectual capital over time. No amount of machinery will substitute for this. And an endless stream of consultant contracts can only simulate it.

The use of consultants can become an addiction. The addiction leaves an organization weaker by failing to accumulate intellectual capital from it's contracts.

Agencies that lack information technology capital are more likely to use technology as a crutch, rather than a ladder. With IT capital you can add rungs and raise levels of service. Without it, you're just getting along.

State will be in constant competition with the private sector to hire and retain IT professionals. Under current conditions, the State can't compete. We'll probably never be able to compete with the enormous promise of today's Internet start-ups, but there are plenty of talented people whose altruistic side might be more satisfied in state service than in enhancing K-Mart's corporate presence on the Internet.

As long as we exist in an information economy, our inability to attract and retain the best and brightest IT professionals will continue to hamper our efforts to deliver the most effective and efficient service to our customers. To attract and retain IT professionals, the state must pay more, clean up the hiring process and provide a clear and fair career path.

The State Personnel Board is working on a hiring process. The Department of Personnel Administration is working on a career path and has presented a proposal to SPB to reclassify most of the IT classifications. CSEA is presently meeting with DPA to insure that our IT members needs are addressed in the proposal.

The question that must be answered is who, besides the union, is committed to solving the issue of appropriate pay for IT professionals in state government?

We respectfully request that the Little Hoover Commission recommends strategies that will create a strong, competent State IT workforce with pay sufficient to plug the drain to private industry and resolve the State's current recruitment and retention problems.

We also request an opportunity to address these issues at the Little Hoover Commission IT sub-committee at its next meeting. Your questions and responses can be addressed to Kathleen O'Connor, CSEA staff assigned to the IT Committee at (916) 326-4220 and at koconnor@calcsea.org. Thank you for your time.